

**TOWN OF THORNTON,  
NEW HAMPSHIRE**

**ANNUAL FINANCIAL REPORT**

**AS OF AND FOR THE FISCAL YEAR ENDED  
DECEMBER 31, 2020**

**TOWN OF THORNTON, NEW HAMPSHIRE**  
**ANNUAL FINANCIAL REPORT**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
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# PLODZIK & SANDERSON

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## ***INDEPENDENT AUDITOR'S REPORT***

To the Members of the Board of Selectmen  
Town of Thornton  
Thornton, New Hampshire

We have audited the accompanying financial statements of the governmental activities, major fund, and aggregate remaining fund information of the Town of Thornton as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified and adverse audit opinions.

### **Summary of Opinions**

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Adverse
General Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

### ***Basis for Adverse Opinion on Governmental Activities***

As discussed in Note 1-O to the financial statements, management has not recorded the long-term costs of retirement health care costs and obligations for other postemployment benefits for the Town's single employer plan in the governmental activities. Accounting principles generally accepted in the United States of America require that those costs be recorded, which would increase the liabilities, decrease the net position, and increase the expenses of the governmental activities. The amount by which this departure would affect the liabilities, net position, and expenses on the governmental activities is not readily determinable.

*Town of Thornton  
Independent Auditor's Report*

***Adverse Opinion***

In our opinion, because of the significance of the matter described in the "Basis for Adverse Opinion on Governmental Activities," paragraph, the financial statements referred to above do not present fairly the financial position of the government-wide financial statements of the Town of Thornton, as of December 31, 2020, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Unmodified Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the major fund and aggregate remaining fund information of the Town of Thornton as of December 31, 2020, and the respective changes in financial position and the respective budgetary comparison for the general fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

**Required Supplementary Information** – Accounting principles generally accepted in the United States of America require that the following be presented to supplement the basic financial statements:

- Management's Discussion and Analysis,
- Schedule of the Town's Proportionate Share of Net Pension Liability,
- Schedule of Town Contributions – Pensions,
- Schedule of the Town's Proportionate Share of the Net Other Postemployment Benefits Liability,
- Schedule of Town Contributions – Other Postemployment Benefits,
- Notes to the Required Supplementary Information

Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Information** – Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Thornton's basic financial statements. The combining and individual fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

October 21, 2021

*Plodzik & Sanderson  
Professional Association*

**TOWN OF THORNTON, NEW HAMPSHIRE  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
YEAR ENDING DECEMBER 31, 2020**

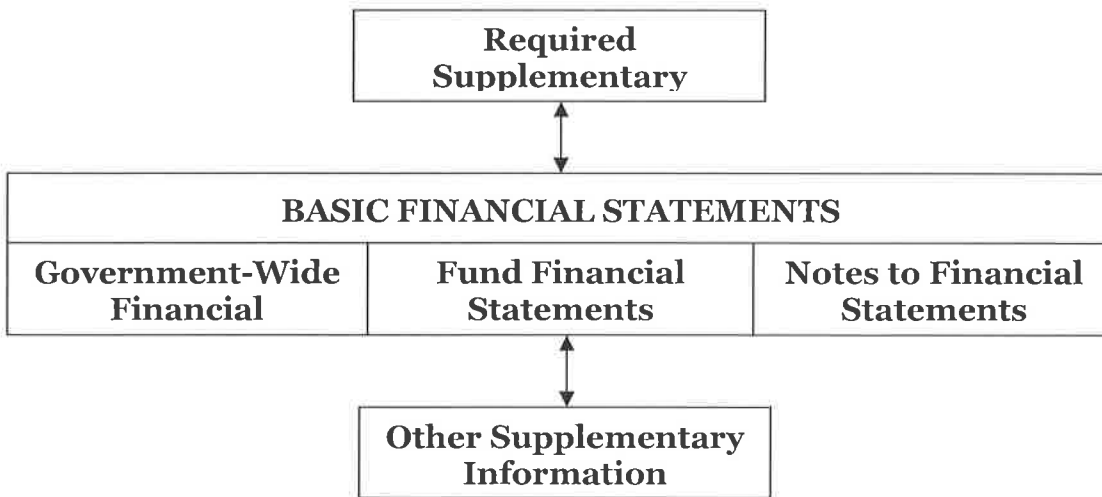
The following is a discussion and analysis of the activities of the Town of Thornton, New Hampshire (the “Town”) for the year ending December 31, 2020. Readers are encouraged to consider the information presented here in conjunction with the Town’s financial statements.

Responsibility for both the accuracy of the data, and the completeness and fairness of this presentation (including all disclosures) rests with the Board of Selectmen. To the best of our knowledge and belief, the data contained herein is accurate in all material respects. This data is reported in a manner designed to fairly present the Town’s financial position, and the results of operations of the various funds of the Town. All disclosures necessary to enable the reader to gain an accurate understanding of the Town’s financial activities have been included.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Town’s basic financial statements. The Town’s basic financial statements include five components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the basic financial statements
4. Required supplementary information (Management’s Discussion and Analysis, Schedule of the Town’s Proportionate Share of Net Pension Liability, the Schedule of Town Contributions, Pensions, the Schedule of the Town’s Proportionate Share of Net Other Postemployment Benefits Liability and the Schedule of Town Contributions – Other Postemployment Benefits)
5. Other supplementary information



**Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Town’s finances, in a manner similar to most private-sector companies.

The **Statement of Net Position** presents information on all of the Town’s assets, deferred outflow of resources, liabilities and deferred inflow of resources with the difference between the four reported as net

**TOWN OF THORNTON, NEW HAMPSHIRE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDING DECEMBER 31, 2020**

(continued)

position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The **Statement of Activities** presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future periods (such as uncollected taxes and earned but unused vacation leave). The governmental activities of the Town include general government, public safety, highways and streets, sanitation, health, welfare, culture and recreation and conservation.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and fiduciary funds.

**Governmental Funds:** Most of the basic services provided by the Town are financed through governmental funds. Unlike the government-wide financial statements, the governmental fund financial statements report using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted into cash. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between the governmental activities statement of net position and statement of activities.

**Fiduciary Funds:** These are used to account for resources held for the benefit of parties outside of the Town government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the Town's own programs. The Town's fiduciary funds include capital reserve funds held for the Thornton School District and a private purpose trust fund held for the Hubbard Brook Foundation.

### **Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements.

### **Budgetary Comparison Information**

**TOWN OF THORNTON, NEW HAMPSHIRE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDING DECEMBER 31, 2020**

(continued)

The basic financial statements include required budgetary comparison information in Exhibit D. This exhibit includes a budgetary comparison schedule for the Town's major governmental fund and includes a reconciliation between the reported activity of the revenues, expenditures and operating transfers for budgetary purposes and the activity as presented in the governmental fund financial statements (Exhibit C-3). The Town's major governmental fund for 2020 is the General Fund.

The following exhibit summarizes the major features of the Town's financial statements.

	Government-Wide	Fund Statements	
		Governmental	Fiduciary
<b>SCOPE</b>	Entire Town government (except fiduciary funds)	All activities of the Town that are not proprietary or fiduciary	Instances in which the Town is the trustee or agent for someone else's resources.
<b>REQUIRED FINANCIAL STATEMENTS</b>	Statement of Net Position	Balance Sheet	Statement of Fiduciary Net Position
	Statement of Activities	Statement of Revenues, Expenditures and Changes in Fund Balances	Statement of Changes in Fiduciary Net Position
<b>ACCOUNTING BASIS</b>	Accrual	Modified Accrual	Accrual
<b>MEASUREMENT FOCUS</b>	Economic Resources	Current Financial Resources	Economic Resources
<b>TYPE OF INFORMATION ASSETS AND LIABILITIES</b>	All assets and liabilities, both financial and capital, short-term and long-term.	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included.	All assets and liabilities, both short-term and long-term.
<b>TYPE OF INFORMATION REVENUES, EXPENSES, AND EXPENDITURES</b>	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during the year, regardless of when cash is received or paid.

**TOWN OF THORNTON, NEW HAMPSHIRE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDING DECEMBER 31, 2020**

(continued)

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Statement of Net Position**

The Town's net position totaled \$3,972,966 at the end of 2020, an increase of \$216,408 or 6% when compared to the end of the previous year. This change is primarily due to decreases in asset accounts consisting of intergovernmental receivable in the amount of (\$150,942) and land and CIP by (\$48,923). These decreases in assets were partially offset by increases in cash in the amount of \$375,789 and net investment in capital assets by \$248,528. Deferred outflows of resources related to pensions and other postemployment benefits increased by \$286,944. Additionally, there was a decrease in accrued salaries and benefits in the amount of (\$12,297). Deferred inflows of resources amounts related to pension decreased by (\$24,326). These decreases in liabilities were offset by an increases in net pension liability by \$504,974 and accrued landfill postclosure care costs by the amount of \$34,200.

	<b>Governmental Activities - 2019</b>	<b>Governmental Activities - 2020</b>	<b>Change</b>
Current assets	\$ 2,584,601	\$ 2,809,846	\$ 225,245
Restricted assets	5,045	5,047	2
Capital assets	<u>2,692,873</u>	<u>2,892,478</u>	199,605
Total assets	<u>5,282,519</u>	<u>5,707,371</u>	424,852
Deferred outflow of resources	<u>254,207</u>	<u>541,151</u>	286,944
Current liabilities	184,677	177,693	(6,984)
Long-term liabilities	<u>1,527,514</u>	<u>2,060,442</u>	532,928
Total liabilities	<u>1,712,191</u>	<u>2,238,135</u>	525,944
Deferred inflow of resources	<u>67,977</u>	<u>37,421</u>	(30,556)
Net position:			
Net investment in			
capital assets	2,692,873	2,892,478	199,605
Restricted	259,678	264,416	4,738
Unrestricted	<u>804,007</u>	<u>816,072</u>	12,065
Total net position	<u>\$ 3,756,558</u>	<u>\$ 3,972,966</u>	<u>\$ 216,408</u>

A large portion of the Town's net position reflects its investment in capital assets such as land, buildings, and equipment, less any related outstanding debt used to acquire those assets. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of any related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.



**TOWN OF THORNTON, NEW HAMPSHIRE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDING DECEMBER 31, 2020**

(continued)

**Statement of Activities**

During the current year the Town's net position increased by \$216,408. Total expenses of \$3,326,074 were exceeded by revenues of 3,542,482.

Property and other taxes generated \$1,907,866 in revenues for the Town. Motor vehicle, permit fees, licenses and other fees generated \$650,307 in revenues. Program revenue consisted of operating grants and contributions and charges for services which had \$505,225 and \$156,567 in revenue, respectively. Other general revenues consisted of grants and contributions, unrestricted investment earnings and miscellaneous revenues.

Changes in net position for the year ending December 31, 2020 are as follows:

	<b>Governmental Activities - 2019</b>	<b>Governmental Activities - 2020</b>	<b>Change</b>
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 183,930	\$ 156,567	\$ (27,363)
Operating grants and contributions	420,429	505,225	84,796
Capital grants and contributions	33,738	-	(33,738)
General revenues:			
Property and other taxes	1,672,713	1,907,866	235,153
Licenses and permits	592,879	650,307	57,428
Grants and contributions	175,608	173,293	(2,315)
Unrestricted investment earnings	11,034	20,140	9,106
Miscellaneous	130,068	129,084	(984)
Total revenues	<u>3,220,399</u>	<u>3,542,482</u>	<u>322,083</u>
<b>Expenditures:</b>			
General government	770,605	749,772	(20,833)
Public safety	1,227,770	1,292,944	65,174
Highways and streets	783,464	580,916	(202,548)
Sanitation	534,488	540,046	5,558
Health and welfare	76,844	73,747	(3,097)
Culture and recreation	92,127	88,314	(3,813)
Conservation	440	335	(105)
Total expenditures	<u>3,485,738</u>	<u>3,326,074</u>	<u>(159,664)</u>
Increase in net position	(265,339)	216,408	481,747
Net position, beginning of year	4,021,897	3,756,558	(265,339)
Net position, end of year	<u>\$ 3,756,558</u>	<u>\$ 3,972,966</u>	<u>\$ 216,408</u>

**TOWN OF THORNTON, NEW HAMPSHIRE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDING DECEMBER 31, 2020**

(continued)

The Town's expenses cover a range of services. The largest expenses were for public safety (38.87%), general government (22.54%), highway and streets (17.47%), and sanitation (16.24%), which accounted for 95.12% of total expenditures.

**FINANCIAL ANALYSIS OF THE TOWN'S FUNDS**

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

**Governmental Funds**

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of each year.

**General Fund**

The General Fund is the operating fund of the Town. At the end of the current fiscal year, the General Fund had an unassigned fund balance of \$1,417,097 while total General Fund equity was \$2,299,552. The total fund equity includes nonspendable, restricted, committed and unassigned fund balances at year-end. The General Fund unassigned fund balance increased by \$149,756 from December 31, 2019.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Actual revenues on the budgetary basis were over the budgeted amount by \$209,017. This is primarily due to increased revenues from the following budgeted sources: \$4,139 from property and other taxes, \$84,307 from licenses, permits, and fees, \$109,703 from intergovernmental, \$6,567 from charges for services and \$4,301 from miscellaneous.

The Town under expended its budget by \$204,125. This is primarily due to savings realized in general government of \$52,716, highway and streets of \$68,756, sanitation of \$40,052, welfare – direct assistance of \$12,381, culture and recreation of \$4,253, interest on tax anticipation notes of \$1,000, and other of \$5,001. These savings were partially offset from increased public safety expenditures of (\$13,462).

**OTHER FINANCIAL HIGHLIGHTS**

None of the 2019 appropriations were remaining or encumbered to offset 2020 expenditures and none of the 2020 appropriations were remaining or encumbered to offset 2021 expenditures.

**CAPITAL ASSET AND LONG-TERM OBLIGATIONS**

**Capital Assets**

The Town considers a capital asset to be an asset whose cost exceeds \$10,000 and has an estimated minimum useful life in excess of one year. Capital assets are depreciated using the straight-line method over the course of the assets estimated useful life.

**TOWN OF THORNTON, NEW HAMPSHIRE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDING DECEMBER 31, 2020**

(continued)

The Town's gross investment in capital assets for its governmental activities as of December 31, 2020 amounts to \$4,466,902 with \$1,574,424 in accumulated depreciation. The net book value of capital assets for governmental activities is \$2,892,478 as of December 31, 2020. This investment in capital assets includes vehicles and equipment, building and building improvements and land and land improvements. See Note 7 of the Notes to the Basic Financial Statements for a summary of all capital assets.

**Long-Term Obligations**

During 2020, the Town made long-term obligation additions in the amount of \$541,033 and payments totaling \$6,965. See Note 11 of the Notes to the Basic Financial Statements for a summary of all outstanding long-term obligations. GASB #34 requires that these liabilities be reflected as a reduction in net position.

**ECONOMIC CONDITIONS**

The Town is not planning any new building projects at this time.

The Town is not considering any major changes in staffing levels at this time.

The Town is continuing to actively pursue the use of capital reserve accounts to save monies incrementally that will be used toward the payment of future purchases. Several new capital reserves were requested and approved in 2020.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Town's finances for all of Thornton citizens, taxpayers, and creditors. This financial report seeks to demonstrate the Town's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Town of Thornton, Selectmen's Office, 16 Merrill Access Road, Thornton, NH 03285.

***BASIC FINANCIAL STATEMENTS***

**EXHIBIT A**  
**TOWN OF THORNTON, NEW HAMPSHIRE**  
*Statement of Net Position*  
*December 31, 2020*

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 840,789
Investments	1,118,692
Taxes receivables (net)	736,882
Intergovernmental receivable	71,817
Tax dedeed property, subject to resale	41,666
Restricted assets:	
Cash and cash equivalents	5,047
Capital assets:	
Land and construction in progress	154,045
Other capital assets, net of depreciation	2,738,433
Total assets	5,707,371
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Amounts related to pensions	532,822
Amounts related to other postemployment benefits	8,329
Total deferred outflows of resources	541,151
<b>LIABILITIES</b>	
Accounts payable	107,296
Accrued salaries and benefits	47,426
Intergovernmental payable	20,811
Long-term liabilities:	
Due within one year	2,160
Due in more than one year	2,060,442
Total liabilities	2,238,135
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable revenue - property taxes	15,950
Amounts related to pensions	20,294
Amounts related to other postemployment benefits	1,177
Total deferred inflows of resources	37,421
<b>NET POSITION</b>	
Net investment in capital assets	2,892,478
Restricted	264,416
Unrestricted	816,072
Total net position	\$ 3,972,966

The Notes to the Basic Financial Statements are an integral part of this statement.

**EXHIBIT B**  
**TOWN OF THORNTON, NEW HAMPSHIRE**  
*Statement of Activities*  
For the Fiscal Year Ended December 31, 2020

	Expenses	Program Revenues		Net (Expense) Revenue and Change In Net Position
		Charges for Services	Operating Grants and Contributions	
General government	\$ 749,772	\$ 182	\$ -	\$ (749,590)
Public safety	1,292,944	65,123	97,610	(1,130,211)
Highways and streets	580,916	2,870	105,333	(472,713)
Sanitation	540,046	88,392	302,282	(149,372)
Health	65,937	-	-	(65,937)
Welfare	7,810	-	-	(7,810)
Culture and recreation	88,314	-	-	(88,314)
Conservation	335	-	-	(335)
Total governmental activities	<u>\$ 3,326,074</u>	<u>\$ 156,567</u>	<u>\$ 505,225</u>	<u>(2,664,282)</u>
General revenues:				
Taxes:				
Property				1,780,124
Other				127,742
Motor vehicle permit fees				628,574
Licenses and other fees				21,733
Grants and contributions not restricted to specific programs				173,293
Unrestricted investment earnings				20,140
Miscellaneous				129,084
Total general revenues				<u>2,880,690</u>
Change in net position				216,408
Net position, beginning				3,756,558
Net position, ending				<u>\$ 3,972,966</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

**EXHIBIT C-1**  
**TOWN OF THORNTON, NEW HAMPSHIRE**  
**Governmental Funds**  
**Balance Sheet**  
**December 31, 2020**

	General	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 834,713	\$ 6,076	\$ 840,789
Investments	854,276	264,416	1,118,692
Taxes receivable	801,882	-	801,882
Intergovernmental receivable	71,817	-	71,817
Interfund receivable	-	7,275	7,275
Tax deeded property, subject to resale	41,666	-	41,666
Restricted assets:			
Cash and cash equivalents	5,047	-	5,047
Total assets	<u>\$2,609,401</u>	<u>\$ 277,767</u>	<u>\$ 2,887,168</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 107,296	\$ -	\$ 107,296
Accrued salaries and benefits	47,426	-	47,426
Intergovernmental payable	20,811	-	20,811
Interfund payable	7,275	-	7,275
Total liabilities	<u>182,808</u>	<u>-</u>	<u>182,808</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes	127,041	-	127,041
Total deferred inflows of resources	<u>127,041</u>	<u>-</u>	<u>127,041</u>
<b>FUND BALANCES</b>			
Nonspendable	41,666	263,866	305,532
Restricted	4,289	550	4,839
Committed	836,500	13,351	849,851
Unassigned	1,417,097	-	1,417,097
Total fund balances	<u>2,299,552</u>	<u>277,767</u>	<u>2,577,319</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$2,609,401</u>	<u>\$ 277,767</u>	<u>\$ 2,887,168</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

**EXHIBIT C-2**  
**TOWN OF THORNTON, NEW HAMPSHIRE**  
*Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position*  
*December 31, 2020*

Amounts reported for governmental activities in the Statement of Net Position are different because:		
Total fund balances of governmental funds (Exhibit C-1)		\$ 2,577,319
Capital assets used in governmental activities are not current financial resources, therefore, are not reported in the governmental funds.		
Cost	\$ 4,466,902	
Less accumulated depreciation	<u>(1,574,424)</u>	
		2,892,478
Pension and other postemployment benefit (OPEB) related deferred outflows of current year, and therefore, are not reported in the governmental funds as follows:		
Deferred outflows of resources related to pensions	\$ 532,822	
Deferred inflows of resources related to pensions	(20,294)	
Deferred outflows of resources related to OPEB	8,329	
Deferred inflows of resources related to OPEB	<u>(1,177)</u>	
		519,680
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	\$ (7,275)	
Payables	<u>7,275</u>	
		-
Long-term revenues (taxes) is not available to pay current period expenditures and therefore, is deferred in governmental funds.		111,091
Allowance for uncollectible property taxes that is recognized on the full accrual basis, but not on the modified accrual basis.		(65,000)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the governmental funds.		
Compensated absences	\$ 13,340	
Accrued landfill postclosure care costs	64,800	
Net pension liability	1,869,653	
Other postemployment benefits	<u>114,809</u>	
		<u>(2,062,602)</u>
Net position of governmental activities (Exhibit A)		<u><u>\$ 3,972,966</u></u>



**EXHIBIT C-3**  
**TOWN OF THORNTON, NEW HAMPSHIRE**  
**Governmental Funds**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Fiscal Year Ended December 31, 2020**

	General	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
Taxes	\$ 1,898,166	\$ 1,508	\$ 1,899,674
Licenses and permits	650,307	-	650,307
Intergovernmental	612,341	-	612,341
Charges for services	156,567	-	156,567
Miscellaneous	143,752	5,472	149,224
Total revenues	<u>3,461,133</u>	<u>6,980</u>	<u>3,468,113</u>
<b>EXPENDITURES</b>			
Current:			
General government	716,410	731	717,141
Public safety	1,187,797	-	1,187,797
Highways and streets	690,055	-	690,055
Sanitation	461,218	-	461,218
Health	65,937	-	65,937
Welfare	7,810	-	7,810
Culture and recreation	83,705	-	83,705
Conservation	335	-	335
Capital outlay	21,877	-	21,877
Total expenditures	<u>3,235,144</u>	<u>731</u>	<u>3,235,875</u>
Net change in fund balances	225,989	6,249	232,238
Fund balances, beginning	2,073,563	271,518	2,345,081
Fund balances, ending	<u>\$ 2,299,552</u>	<u>\$ 277,767</u>	<u>\$ 2,577,319</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

*EXHIBIT C-4*  
**TOWN OF THORNTON, NEW HAMPSHIRE**  
*Reconciliation of the Statement of Revenues, Expenditures, and*  
*Changes in Fund Balances - Governmental Funds to the Statement of Activities*  
*For the Fiscal Year Ended December 31, 2020*

Net change in fund balances of governmental funds (Exhibit C-3)		\$ 232,238
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures, while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:		
Capitalized capital outlay	\$ 402,098	
Depreciation expense	<u>(202,493)</u>	
		199,605
Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in the governmental funds.		
Change in deferred tax revenue		8,192
Some expenses reported in the Statement of Activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.		
Increase in compensated absences payable	\$ (1,859)	
Increase in accrued landfill postclosure care costs	(34,200)	
Net change in net pension liability, and deferred outflows and inflows of resources related to pensions	(196,051)	
Net change in net other postemployment benefits liability and deferred outflows and inflows of resources related to other postemployment benefits	<u>8,483</u>	
		<u>(223,627)</u>
Changes in net position of governmental activities (Exhibit B)		<u><u>\$ 216,408</u></u>

**EXHIBIT D**  
**TOWN OF THORNTON, NEW HAMPSHIRE**  
*Statement of Revenues, Expenditures, and Changes in Fund Balance*  
*Budget and Actual (Non-GAAP Budgetary Basis)*  
**General Fund**  
**For the Fiscal Year Ended December 31, 2020**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Taxes	\$ 1,902,219	\$ 1,906,358	\$ 4,139
Licenses and permits	566,000	650,307	84,307
Intergovernmental receivable	502,638	612,341	109,703
Charges for services	150,000	156,567	6,567
Miscellaneous	132,000	136,301	4,301
Total revenues	<u>3,252,857</u>	<u>3,461,874</u>	<u>209,017</u>
<b>EXPENDITURES</b>			
Current:			
General government	671,284	618,568	52,716
Public safety	1,106,005	1,119,467	(13,462)
Highways and streets	715,811	647,055	68,756
Sanitation	501,270	461,218	40,052
Health	65,853	65,937	(84)
Welfare	20,191	7,810	12,381
Culture and recreation	90,718	86,465	4,253
Conservation	725	335	390
Debt service:			
Interest	1,000	-	1,000
Capital outlay	60,000	21,877	38,123
Total expenditures	<u>3,232,857</u>	<u>3,028,732</u>	<u>204,125</u>
Excess of revenues over expenditures	<u>20,000</u>	<u>433,142</u>	<u>413,142</u>
<b>OTHER FINANCING USES</b>			
Transfers out	<u>(270,000)</u>	<u>(270,000)</u>	<u>-</u>
Net change in fund balances	<u>\$ (250,000)</u>	163,142	<u>\$ 413,142</u>
Increase in nonspendable fund balance		(5,194)	
Unassigned fund balance, beginning		1,305,240	
Unassigned fund balance, ending		<u>\$ 1,463,188</u>	

The Notes to the Basic Financial Statements are an integral part of this statement.

**EXHIBIT E-1**  
**TOWN OF THORNTON, NEW HAMPSHIRE**  
*Fiduciary Funds*  
**Statement of Fiduciary Net Position**  
**December 31, 2020**

	Private Purpose Trust Funds	All Custodial Funds
<b>ASSETS</b>		
Cash and cash equivalents	\$ 3,032	\$ 1,409,938
Investments	-	1,673,508
Total assets	<u>3,032</u>	<u>3,083,446</u>
<b>LIABILITIES</b>		
Intergovernmental payables:		
School	-	2,836,477
Village District	-	245,856
Total liabilities	<u>-</u>	<u>3,082,333</u>
<b>NET POSITION</b>		
Restricted	<u>\$ 3,032</u>	<u>\$ 1,113</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

**EXHIBIT E-2**  
**TOWN OF THORNTON, NEW HAMPSHIRE**  
**Fiduciary Funds**  
**Statement of Changes in Fiduciary Net Position**  
**For the Fiscal Year Ended December 31, 2020**

	Private Purpose Trust Funds	All Custodial Funds
<b>ADDITIONS</b>		
Contributions	\$ 1,500	\$ -
Investment earnings	3	1
Tax collections for other governments	-	7,294,837
Total additions	<u>1,503</u>	<u>7,294,838</u>
<b>DEDUCTIONS</b>		
Scholarships	1,500	-
Payments of taxes to other governments	-	7,294,837
Total deductions	<u>1,500</u>	<u>7,294,837</u>
Change in net position	3	1
Net position, beginning	3,029	1,112
Net position, ending	<u>\$ 3,032</u>	<u>\$ 1,113</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

**TOWN OF THORNTON, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2020**

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**TOWN OF THORNTON, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Town of Thornton, New Hampshire (the Town), have been prepared in conformity with U.S. Generally Accepted Accounting Principles (GAAP) for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

The more significant of the Town’s accounting policies are described below.

***1-A Reporting Entity***

The Town of Thornton is a municipal corporation governed by an elected 5-member Board of Selectmen. In evaluating how to define the Town for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth by the GASB.

***1-B Basis of Accounting, and Measurement Focus***

The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

***Government-wide Financial Statements*** – The Town’s government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of governmental activities for the Town accompanied by a total column. Fiduciary activities of the Town are not included in these statements.

These statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the Town’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position, with the exception of the long-term costs of retirement healthcare and obligations for other postemployment benefits of the Town’s single employer plan have also been omitted because the liability and expense have not been determined. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. As in the Statement of Net Position the Town has not recorded other postemployment benefit expense of the Town’s single employer plan in this statement. The types of transactions reported as program revenues for the Town are reported in three categories: 1) charges for services and 2) operating grants and contributions.

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated.

***Governmental Fund Financial Statements*** – Include a balance sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances for all major governmental funds and nonmajor funds aggregated. An accompanying statement is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the government-wide financial statements. The Town has presented all major funds that met those qualifications.

Governmental fund financial statements are reported using the *current financial resources* measurement focus and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, with the exception of reimbursement-based grants, which use a period of one year. Property taxes, licenses, and permits, intergovernmental revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

**TOWN OF THORNTON, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2020**

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The Town reports the following major governmental fund:

**General Fund** – is the Town’s primary operating fund. The general fund accounts for all financial resources except those required to be accounted for in another fund. The primary revenue sources include property taxes, State grants and motor vehicle permit fees. The primary expenditures are for general government, public safety, highways and streets, sanitation, culture and recreation, debt service and capital outlay. Under GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, guidance the library and expendable trust funds are consolidated in the general fund.

Additionally, the Town reports the following fund types:

**Special Revenue Funds** – are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

**Permanent Fund** – are held in the custody of the Trustees of Trust Funds and are used to account for resources held in trust for use by the Town. These can include legal trusts for which the interest on the corpus provides funds for the Town’s cemetery operations.

All the governmental funds not meeting the criteria established for major funds are presented in the other governmental column of the fund financial statements. The Town reports two nonmajor governmental funds.

**Fiduciary Fund Financial Statements** – Include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. The Town’s fiduciary funds are private purpose trust and custodial funds, which are custodial in nature. These funds are accounted for on a spending or “economic resources” measurement focus and the accrual basis of accounting .

The Town reports the following fiduciary funds:

**Private Purpose Trust Fund** – are used to report trust arrangements, other than pension and investment trusts, under which principal and income benefit individuals, private organizations, or other governments.

**Custodial Fund** – are custodial in nature and do not belong to the primary government. A custodial fund is used to account for assets held on behalf of outside parties, including other governments.

***1-C Cash and Cash Equivalents***

The Town considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Deposits with financial institutions consist primarily of demand deposits, and savings accounts.

The treasurer is required to deposit such moneys in solvent banks in state or the Public Deposit Investment Pool pursuant to New Hampshire RSA 383:22. Funds may be deposited in banks outside of the state if such banks pledge and deliver to a third party custodial bank or the Federal Reserve Bank, collateral security for such deposits, United States government or government agency obligations or obligations to the State of New Hampshire in value at least equal to the amount of the deposit in each case.

***1-D Restricted Assets***

Certain Town assets are classified as restricted assets because their use is restricted by statutory limitation.

***1-E Investments***

State statutes place certain limitations on the nature of deposits and investments available as follows:

New Hampshire law authorizes the Town to invest in the following type of obligations:

- Obligations of the United States government,
- The public deposit investment pool established pursuant to RSA 383:22,
- Savings bank deposits,
- Certificates of deposit and repurchase agreements of banks incorporated under the laws of the State of New Hampshire or in banks recognized by the State treasurer.



**TOWN OF THORNTON, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2020**

Any person who directly or indirectly receives any such funds or moneys for deposit or for investment in securities of any kind shall, prior to acceptance of such funds, make available at the time of such deposit or investment an option to have such funds secured by collateral having a value at least equal to the amount of such funds. Such collateral shall be segregated for the exclusive benefit of the Town. Only securities defined by the bank commissioner as provided by rules adopted pursuant to RSA 386:57 shall be eligible to be pledged as collateral.

**Fair Value Measurements of Investments** – In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, except for investments measured using net asset value (NAV) as a practical expedient to estimate fair value, the Town categorizes the fair value measurements of its investments within the fair value hierarchy established by US GAAP. The fair value hierarchy categorizes the inputs to valuation techniques used for fair value measurement into three levels as follows:

**Level 1** – Inputs reflect quoted prices (unadjusted) in active markets for identical assets or liabilities that the Town has the ability to access at the measurement date. Directly held marketable equity securities would be examples of Level 1 investments.

**Level 2** – Inputs are other than quoted prices that are observable for the assets or liabilities, either directly or indirectly, including inputs in markets that are not considered to be active. Because they most often are priced on the basis of transactions involving similar but not identical securities or do not trade with sufficient frequency, certain directly held fixed income securities are categorized in Level 2.

**Level 3** – Inputs are significant unobservable inputs.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. In certain instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, is the level in the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement. Investments are reported at fair value. If an investment is held directly by the Town and an active market with quoted prices exists, such as for domestic equity securities, the market price of an identical security is used to report fair value and is classified in Level 1. Corporate fixed income securities and certain governmental securities utilize pricing that may involve estimation using similar securities or trade dates and are classified in Level 2. Fair values for shares in registered mutual funds and exchange-traded funds are based on published share prices and classified in Level 1.

In determining fair value, the Town utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible.

**Investments in Certain External Investment Pools** – In accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, the Town held investments with the New Hampshire Public Deposit Investment Pool (NHPDIP) are categorized as Level 2. The NHPDIP measures all of its investments at amortized cost. There are no redemption restrictions and shares may be redeemed by the Town in accordance with the NHPDIP's Information Statement.

### ***1-F Receivables***

Receivables recorded in the financial statements represent amounts due to the Town at December 31. They are aggregated into a single accounts receivable (net of allowance for uncollectibles) line for certain funds and aggregated columns. They consist primarily of taxes, billing for charges, and other user fees.

### ***1-G Capital Assets***

Capital assets include property, plant, and equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and intangible assets (i.e., easements) which are reported in the applicable governmental activities column in the government-wide financial statements. The accounting and reporting treatment applied to capital assets associated with a fund are determined by the fund's measurement focus. General capital assets are assets of the Town as a whole. When purchased, such assets are recorded as expenditures in a governmental fund and capitalized as assets in the government-wide Statement of Net Position.

**TOWN OF THORNTON, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2020**

Capital assets are defined by the Town as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year. Such assets are carried at historical cost or estimated historical cost. When the cost of the capital assets cannot be determined from available records, estimated historical cost is used. Donated capital assets received on or prior to June 15, 2015, are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015, are recorded at acquisition value.

The costs of normal maintenance and repairs are charged to operations as incurred. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Capital assets of the Town are depreciated using the straight-line method over the following estimated useful lives:

<b>Capital Asset Classes:</b>	<u>Years</u>
Land improvements	30
Buildings and building improvements	10-50
Machinery, equipment, and vehicles	3-20
Infrastructure	20

***1-H Interfund Receivables and Payables***

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

***1-I Property Taxes***

Property tax billings occur semi-annually and are based on the assessed inventory values as of April 1 of each year in accordance with RSA 76:15-a, *Semi-Annual Collection of Taxes in certain Towns and Cities*. Warrants for the year were issued on May 13, 2020 and November 9, 2020, and due on July 1, 2020, and December 15, 2020. Interest accrues at a rate of 8% on bills outstanding after the due date and 14% on tax liens outstanding. The Town placed a lien on all outstanding taxes from 2019 on May 19, 2020.

In connection with the setting of the tax rate, Town officials with the approval of the Department of Revenue Administration, establish and raise through taxation an amount for tax abatement and refunds, known as overlay. This amount is reported as a reduction in tax revenue and is adjusted by management for any reserve for uncollectable at year-end. The property taxes collected by the Town include taxes levied for the State of New Hampshire, Thornton School District, Pemi-Baker Regional School District, Waterville Estates Village District, and Grafton County, which are remitted to these entities as required by law.

The Town net assessed valuation as of April 1, 2020, utilized in the setting of the tax rate was as follows:

For the New Hampshire education tax	\$427,348,688
For all other taxes	\$437,034,688

The tax rates and amounts assessed for the year ended December 31, 2020, were as follows:

	Per \$1,000 of Assessed Valuation	Property Taxes Assessed
Municipal portion	\$ 4.33	\$ 1,892,691
School portion:		
State of New Hampshire	1.78	762,197
Local	12.39	5,412,960
County portion	1.61	703,679
Precinct portion	15.20	416,001
Total	\$ 35.31	\$ 9,187,528

**TOWN OF THORNTON, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2020**

***1-J Accounts Payable***

Accounts payable represent the gross amount of expenditures or expenses incurred as a result of normal operations, but for which no actual payment has yet been issued to vendors/providers as of December 31, 2020.

***1-K Deferred Outflows/Inflows of Resources***

*Deferred outflows of resources*, a separate financial statement element, represents a consumption of net position or fund balance that applies to a future period(s) and thus will not be recognized as an outflow of resources (expenses) until then.

*Deferred inflows of resources*, a separate financial statement element, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

***1-L Long-term Obligations***

In the government-wide financial statements, other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position.

***1-M Compensated Absences***

***Vacation*** - The Town's policy allows certain employees to earn varying amounts of vacation based on the employee's length of employment. Upon separation from service, employees are paid in full for any accrued leave earned as set forth by the Town's personnel policy. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements.

***Sick Leave*** - Accumulated sick leave lapses when employees leave the employ of the Town and when, upon separation from service, no monetary obligation exists.

***1-N Defined Benefit Pension Plan***

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* and GASB Statement No. 82 *Pension Issues – an amendment of GASB Statement No. 67, No. 68 and No. 73* requires participating employers to recognize their proportionate share of collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense, and schedules have been prepared to provide employers with their calculated proportionate share of these amounts. The collective amounts have been allocated based on employer contributions during the respective fiscal years. Contributions from employers are recognized when legally due, based on statutory requirements.

The schedules prepared by New Hampshire Retirement System, and audited by the plan's independent auditors, require management to make a number of estimates and assumptions related to the reported amounts. Due to the inherent nature and uncertainty of these estimates, actual results could differ, and the differences may be material.

***1-O Postemployment Benefits Other Than Pensions***

The Town maintains two separate other postemployment benefit plans (OPEB), as follows:

***New Hampshire Retirement System Plan*** – For the purposes of measuring the total other postemployment benefit (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the New Hampshire Retirement System OPEB Plan (the plan) and additions to/deductions from the plan's fiduciary net position has been determined on the same basis as they are reported by the New Hampshire Retirement System. For this purpose, the plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

**TOWN OF THORNTON, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
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**Single Employer Plan** – The Town maintains a single employer plan but has not obtained an actuarial report calculating the other postemployment benefit liability, deferred outflows of resources, and deferred inflows of resources in accordance with Government Accounting Standards Board Statement No. 75.

**1-P Net Position/Fund Balances**

**Government-wide Statements** – Equity is classified as net position and displayed in three components:

**Net investment in capital assets** – Consists of capital assets, net of accumulated depreciation.

**Restricted net position** – Results when constraints placed on net position use are either externally imposed by a third party (statutory, bond covenant, or granting agency) or are imposed by law through constitutional provisions or enabling legislation. The Town typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a further project.

**Unrestricted net position** – Consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

**Fund Balance Classifications** – GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, provides more clearly defined fund balance categories to make sure the nature and extent of the constraints placed on a government's fund balances are more transparent. The following classifications describe the relative strength of the spending constraints:

**Nonspendable** – Amounts that cannot be spent because they are either (a) not in spendable form (such as prepaid items, inventory, or tax deeded property subject to resale); or (b) are legally or contractually required to be maintained intact.

**Restricted** – Amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

**Committed** – Amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the legislative body (Town Meeting). These amounts cannot be used for any other purpose unless the legislative body removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

**Assigned** – Amounts that are constrained by the Town's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Selectmen.

**Unassigned** – Amounts that are available for any purpose. Positive amounts are reported only in the general fund.

When multiple net position/fund balance classifications are available for use, it is the government's policy to utilize the most restricted balances first, then the next most restricted balance as needed. When components of unrestricted fund balance are used, committed fund balance is depleted first followed by assigned fund balance. Unassigned fund balance is applied last.

The Board of Selectmen have adopted a fund balance policy with regards to maintaining an appropriate level of unassigned fund balance following the guidelines established by the NH Government Finance Officers Association (NHGFOA), which are as follow:

- 5% to 15% of the regular general fund operating revenues or
- 8% to 17% of the regular general fund operating expenditures.

**1-Q Use of Estimates**

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the period reported. These estimates include assessing the collectability of accounts receivables, and the useful lives and impairment of capital assets, among others. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from estimates.

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**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**2-A Budgetary Information**

General governmental revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with various legal requirements which govern the Town’s operations. At its annual meeting, the Town adopts a budget for the current year for the general fund. Except as reconciled below, the budget was adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP).

Management may transfer appropriations between operating categories as deemed necessary, but expenditures may not legally exceed budgeted appropriations in total. All annual appropriations lapse at year-end unless encumbered.

State statutes require balanced budgets but provide for the use of beginning unassigned fund balance to achieve that end. For the fiscal year 2020, \$250,000 of the beginning general fund unassigned fund balance was applied for this purpose.

**2-B Budgetary Reconciliation to GAAP Basis**

While the Town reports financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual is presented for the major general fund which had a budget. Differences between the budgetary basis and GAAP basis of accounting for the general fund are as follows:

Revenues:	
Per Exhibit D (budgetary basis)	\$ 3,461,874
Adjustments:	
Basis differences:	
GASB Statement No. 54:	
To record miscellaneous income of the blended funds	7,451
Change in deferred tax revenue relating to 60-day revenue recognition recognized as revenue on the GAAP basis, but not on the budgetary basis	<u>(8,192)</u>
Per Exhibit C-3 (GAAP basis)	<u>\$ 3,461,133</u>
Expenditures and other financing uses:	
Per Exhibit D (budgetary basis)	\$ 3,298,732
Adjustments:	
Basis differences:	
GASB Statement No. 54:	
To record expenditures of the blended funds during the year	206,412
To eliminate transfers between general and blended funds	<u>(270,000)</u>
Per Exhibit C-3 (GAAP basis)	<u>\$ 3,235,144</u>

**DETAILED NOTES ON ALL FUNDS**

**NOTE 3 – CASH AND CASH EQUIVALENTS**

The Town’s deposits are entirely covered by federal depository insurance (FDIC) or by collateral held by the Town’s agent in the Town’s name. The FDIC currently insures the first \$250,000 of the Town’s deposits at each financial institution, per case custodian. Deposit balances over \$250,000 are insured by collateral. As of year-end, the carrying amount of the Town’s deposits was \$2,258,806 and the bank balances totaled \$2,260,543. Petty cash totaled \$350.

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Cash and cash equivalents reconciliation:

Cash per Statement of Net Position (Exhibit A)	\$ 845,836
Cash per Statement of Net Position - Fiduciary Funds (Exhibit E-1)	1,412,970
Total cash and cash equivalents	\$2,258,806

**NOTE 4 – INVESTMENTS**

Note 1-E describes statutory requirements covering the investment of the Town funds. The Town holds investments that are measured at fair value on a recurring basis. Since investing is not a core part of the Town’s mission, the Town determines that the disclosures related to these investments only need to be disaggregated by major type. The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

The Town has the following recurring fair value measurements and maturities as of December 31, 2020:

	Valuation Measurement Method	Reported Balance	Less Than 1 Year	1-5 Years	Exempt from Disclosure
Investments type:					
Certificates of deposit	Level 1	\$ 236,386	\$59,678	\$ 176,708	\$ -
Fixed income mutual funds	Level 2	29,143	-	-	29,143
New Hampshire Public Deposit Investment F	Level 2	-	-	-	2,526,671
Total fair value		265,529	\$59,678	\$ 176,708	\$ 2,555,814
Investments carried at amortized cost:					
New Hampshire Public Deposit Investment Pool		2,526,671			
		\$2,792,200			

**Interest Rate Risk** – This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The Board of Selectmen investment policy states that investment of assets held in the common cash fund and any other investments shall be diversified to eliminate the risk of loss resulting from over-concentration of assets in a specific maturity. The Trustees of Trust Funds investment policy does not directly address this risk.

**Credit Risk** – The Board of Selectmen investment policy manages credit risk by investing in obligations of the U.S. government, such as U.S. Treasury securities maturing in less than one year and short-term obligations of the U.S. Government agencies approved for investment purposes by the State of New Hampshire. The Trustees of Trust Funds investment policy states that assets shall be invested only in such instruments as may be specifically authorize by the Revised Statutes Annotated by the State of New Hampshire. The Town’s investment pool had the following credit risk structure:

Investments Type	Reported Balance	Exempt from Disclosure
Certificates of deposit	\$ 236,386	\$ 236,386
Fixed income mutual funds	29,143	29,143
New Hampshire Public Deposit Investment Pool	2,526,671	2,526,671
Total	\$2,792,200	\$ 2,792,200

**Custodial Credit Risk** – This is the risk that in the event of the failure of the counterparty (e.g., broker/dealer) to honor a transaction, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Board of Selectmen investment policy states that some form of collateral must secure funds on deposit, in excess of FDIC limits, witnessed by a written agreement and held at an independent third-party institution in the name of the municipality. The Trustees of Trust Funds investment policy does not directly address this risk.

**Concentration of Credit Risk** – Both the Board of Selectmen and Trustees of Trust Funds investment policies place no limit on the amount it may invest in any one issuer. More than 5% of the Town’s investments are in Woodsville Guaranty Savings Bank. These investments are 6% of the Town’s total investments.

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Investment reconciliation:

Investments per Statement of Net Position (Exhibit A)	\$1,118,692
Investments per Statement of Net Position - Fiduciary Funds (Exhibit E-1)	1,673,508
Total investments	\$2,792,200

**NOTE 5 – TAXES RECEIVABLE**

Taxes receivable represent the amount of current and prior year taxes which have not been collected as of December 31, 2020. The amount has been reduced by an allowance for an estimated uncollectible amount of \$65,000. Taxes receivable by year are as follows:

	As reported on:	
	Exhibit A	Exhibit C-1
Property:		
Levy of 2020	\$ 599,577	\$ 599,577
Unredeemed (under tax lien):		
Levy of 2019	108,069	108,069
Levy of 2018	49,996	49,996
Levies of 2017 and prior	44,240	44,240
Less: allowance for estimated uncollectible taxes	(65,000) *	-
Net taxes receivable	\$ 736,882	\$ 801,882

\*The allowance for uncollectible property taxes is not recognized under the modified accrual basis of accounting (Exhibit C-1 and C-3) due to the 60-day rule as explained in Note 1-B. However, the allowance is recognized under the full accrual basis of accounting (Exhibits A and B).

**NOTE 6 – OTHER RECEIVABLES**

Receivables at December 31, 2020, consisted of intergovernmental amounts arising from grants. Receivables are recorded on the Town's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and collectability.

**NOTE 7 – CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2020 is as follows:

	Balance, beginning	Additions	Deletions	Balance, ending
At cost:				
Not being depreciated:				
Land	\$ 154,045	\$ -	\$ -	\$ 154,045
Construction in progress	48,923	-	(48,923)	-
Total capital assets not being depreciated	202,968	-	(48,923)	154,045
Being depreciated:				
Land improvements	357,832	-	-	357,832
Buildings and building improvements	911,989	149,193	-	1,061,182
Machinery, equipment, and vehicles	1,192,230	109,266	-	1,301,496
Infrastructure	1,399,785	192,562	-	1,592,347
Total capital assets being depreciated	3,861,836	451,021	-	4,312,857
Total all capital assets	4,064,804	451,021	(48,923)	4,466,902

*(Continued)*

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Capital assets continued:

	Balance, beginning	Additions	Deletions	Balance, ending
Less accumulated depreciation:				
Land improvements	(255,972)	(12,208)	-	(268,180)
Buildings and building improvements	(213,139)	(19,168)	-	(232,307)
Machinery, equipment, and vehicles	(747,561)	(91,500)	-	(839,061)
Infrastructure	(155,259)	(79,617)	-	(234,876)
Total accumulated depreciation	<u>(1,371,931)</u>	<u>(202,493)</u>	<u>-</u>	<u>(1,574,424)</u>
Net book value, capital assets being depreciated	<u>2,489,905</u>	<u>248,528</u>	<u>-</u>	<u>2,738,433</u>
Net book value, all governmental activities capital assets	<u>\$ 2,692,873</u>	<u>\$ 248,528</u>	<u>\$ (48,923)</u>	<u>\$ 2,892,478</u>

Depreciation expense was charged to functions of the Town based on their usage of the related assets. The amounts allocated to each function are as follows:

General government	\$ 9,308
Public safety	53,972
Highways and streets	112,011
Sanitation	27,202
Total depreciation expense	<u>\$ 202,493</u>

**NOTE 8 – INTERFUND BALANCES**

The composition of interfund balances as of December 31, 2020 is as follows:

Receivable Fund	Payable Fund	Amount
Nonmajor	General	<u>\$ 7,275</u>

The outstanding balances among funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

**NOTE 9 – INTERGOVERNMENTAL PAYABLES**

Amounts due to other governments at December 31, 2020, consist of the following:

	General Fund	Fiduciary Funds
Miscellaneous fees due to the State of New Hampshire	\$20,811	\$ -
Taxes due to the Pemi-Baker Regional School District	-	993,316
Taxes due to the Thornton School District	-	1,843,161
Taxes due to the Waterville Estates Village District	-	245,856
Total intergovernmental payables due	<u>\$20,811</u>	<u>\$3,082,333</u>



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**NOTE 10 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

Deferred outflows of resources of at December 31, 2020 consist of amounts related to pensions totaling \$532,822 and amounts related to OPEB totaling \$8,329. For further discussion on these amounts, see Note 12 and 13, respectively.

Deferred inflows of resources are as follows:

	Government- wide	General Fund
Deferred property taxes not collected within 60 days of fiscal year-end	\$ -	\$ 111,091
Property taxes collected in advance of warrant	15,950	15,950
Amounts related to pensions, see Note 12	20,294	-
Amounts related to OPEB, see Note 13	1,177	-
Total deferred inflows of resources	\$ 37,421	\$ 127,041

**NOTE 11 – LONG-TERM LIABILITIES**

Changes in the Town’s long-term liabilities consisted of the following for the year ended December 31, 2020:

	Balance January 1, 2020	Additions	Reductions	Balance December 31, 2020	Due Within One Year
Compensated absences	\$ 11,481	\$ 1,859	\$ -	\$ 13,340	\$ -
Accrued landfill postclosure care costs	30,600	34,200	-	64,800	2,160
Net pension liability	1,364,679	504,974	-	1,869,653	-
Net other postemployment benefits	121,774	-	(6,965)	114,809	-
Total long-term liabilities	\$ 1,528,534	\$ 541,033	\$ (6,965)	\$ 2,062,602	\$ 2,160

**Accrued Landfill Postclosure Care Costs** –The Town ceased operating its landfill in prior years. Federal and State laws and regulations require that the Town place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site after closure. A liability is being recognized based on the future postclosure care costs that will be incurred. The estimated liability for landfill postclosure care costs has a balance of \$64,800 as of December 31, 2020, which is based on the amount that would be paid if all equipment, facilities, and services required to monitor and maintain the landfill were acquired as of December 31, 2020. However, the actual cost of post closure care may be higher or lower due to inflation, changes in technology, or changes in landfill laws and regulations.

**NOTE 12 – DEFINED BENEFIT PENSION PLAN**

**Plan Description** – The New Hampshire Retirement System (NHRS or the System) is a public employee retirement system that administers a cost-sharing multiple-employer defined benefit pension plan (Pension Plan), a component unit of the State of New Hampshire, as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans* – an amendment of GASB Statement No. 25. The Pension Plan was established in 1967 by RSA 100-A:2 and is qualified as a tax-exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code. The Pension Plan is a contributory, defined benefit plan providing service, disability, death and vested retirement benefits to members and their beneficiaries. Substantially all full-time State employees, public school teachers and administrators, permanent firefighters and permanent police officers within the State are eligible and required to participate in the Pension Plan. The System issues a publicly available financial report that may be obtained by writing the New Hampshire Retirement System, 54 Regional Drive, Concord, NH 03301.

**Benefits Provided** – Benefit formulas and eligibility requirements for the Pension Plan are set by state law (RSA 100-A). The Pension Plan is divided into two membership groups. State and local employees and teachers belong to Group I. Police and firefighters belong to Group II.

Group I benefits are provided based on creditable service and average final salary for the highest of either three or five years, depending on when service commenced.

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Group II benefits are provided based on age, years of creditable service and benefit multiplier depending on vesting status as of 1/1/12. The maximum retirement allowance for Group II members vested by 1/1/12 (45 years of age with 20 years of service or age 60 regardless of years of creditable service) is the average final compensation multiplied by 2.5% multiplied by creditable service. For Group II members not vested by 1/1/12 the benefit is calculated the same way, but the multiplier used in the calculation will change depending on age and years of creditable service as follows:

Years of Creditable Service as of 1/1/12	Minimum Age	Minimum Service	Benefit Multiplier
At least 8 but less than 10 years	46	21	2.4%
At least 6 but less than 8 years	47	22	2.3%
At least 4 but less than 6 years	48	23	2.2%
Less than 4 years	49	24	2.1%

Members of both groups may qualify for vested deferred allowances, disability allowances and death benefit allowances, subject to meeting various eligibility requirements. Benefits are based on AFC or earnable compensation and/or service.

**Contributions** – The System is financed by contributions from both the employees and the Town. Member contribution rates are established and may be amended by the State legislature while employer contribution rates are set by the System trustees based on an actuarial valuation. Group I (employee and teacher) members are required to contribute 7% of earnable compensation and Group II (police and fire) members contribute 11.55% and 11.80% respectively. For fiscal year 2020, the Town contributed 24.77% for police, 26.43% for fire and 10.88% for other employees. The contribution requirement for the fiscal year 2020 was \$126,110, which was paid in full.

**Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions** – At December 31, 2020 the Town reported a liability of \$1,869,653 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town’s proportion of the net pension liability was based on a projection of the Town’s long-term share of contributions to the pension plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2020, the Town’s proportion was 0.02923092% which was an increase of 0.00086897% from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the Town recognized pension expense of \$335,196. At December 31, 2020 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ 108,641	\$ 219
Changes in assumptions	184,946	-
Net difference between projected and actual investment earnings on pension plan investments	115,641	-
Differences between expected and actual experience	50,490	20,075
Contributions subsequent to the measurement date	73,104	-
Total	<u>\$ 532,822</u>	<u>\$ 20,294</u>

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The \$73,104 reported as deferred outflows of resources related to pensions results from the Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending December 31,	
2021	\$ 116,992
2022	125,249
2023	102,737
2024	94,446
Thereafter	-
Totals	<u>\$ 439,424</u>

**Actuarial Assumptions** – The collective total pension liability was based on the following assumptions:

Inflation:	2.0%
Salary increases:	5.6% average, including inflation
Wage inflation:	2.75% (2.25% for teachers)
Investment rate of return:	6.75% net of pension plan investment expense, including inflation

Mortality rates were based on the Pub-2010 Health Retiree Mortality Tables with credibility adjustments for each group (Police and Fire combined) and projected fully generational mortality improvements using Scale MP-2019.

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2016 – June 30, 2019.

**Long-term Rates of Return** – The long-term expected rate of return on pension plan investment was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rate of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. Following is a table presenting target allocations and geometric real rates of return for each asset class:

Asset Class	Target Allocation	Weighted average long-term expected real rate of return <u>2020</u>
Large Cap Equities	22.50%	3.71%
Small/Mid Cap Equities	7.50%	4.15%
Total domestic equity	30.00%	
Int'l Equities (unhedged)	13.00%	3.96%
Emerging Int'l Equities	7.00%	6.20%
Total international equity	20.00%	
Core Bonds	9.00%	0.42%
Global Multi-Sector Fixed Income	10.00%	1.66%
Absolute Return Fixed Income	6.00%	0.92%
Total fixed income	25.00%	
Private equity	10.00%	7.71%
Private debt	5.00%	4.81%
Total alternative investments	15.00%	
Real estate	10.00%	2.95%
Total	100.00%	

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**Discount Rate** – The discount rate used to measure the collective total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer service cost contributions are projected based on the expected payroll of current members only. Employer contributions are determined based on the Pension Plan’s actuarial funding policy as required by RSA 100-A:16. Based on those assumptions, the Pension Plan’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on Pension Plan investment was applied to all periods of projected benefit payments to determine the collective total pension liability.

**Sensitivity of the Town’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** – The following table presents the Town’s proportionate share of the net pension liability calculated using the discount rate of 6.75% as well as what the Town’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.75%) or 1-percentage point higher (7.75%) than the current rate:

Actuarial Valuation Date	1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
June 30, 2020	\$ 2,420,441	\$ 1,869,653	\$ 1,419,588

**Pension Plan Fiduciary Net Position** – Detailed information about the pension plan’s fiduciary net position is available in the separately issued New Hampshire Retirement System Cost-Sharing Multiple Employer Defined Benefit Pension Plan financial report.

**NOTE 13 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

**13-A New Hampshire Retirement System (NHRS)**

**Plan Description** – The New Hampshire Retirement System (NHRS or the System) is a public employee retirement system which administers a cost-sharing multiple-employer other postemployment benefit (OPEB) plan. For additional system information, please refer to the 2019 Comprehensive Annual Financial Report, which can be found on the system’s website at [www.nhrs.org](http://www.nhrs.org).

**Benefits Provide** - Benefit amounts and eligibility requirements for the OPEB Plan are set by State law (RSA 100-A:52, RSA 100-A:52-a and RSA 100-A:52-b), and members are designated in statute by type. The four membership types are Group II, Police Officers and Firefighters; Group I, Teachers; Group I, Political Subdivision Employees; and Group I, State Employees. The OPEB Plan provides a medical insurance subsidy to qualified retired members. The medical insurance subsidy is a payment made by NHRS to the former employer or its insurance administrator toward the cost of health insurance for a qualified retiree, his/her qualified spouse, and his/her certified dependent children with a disability who are living in the household and being cared for by the retiree. If the health insurance premium amount is less than the medical subsidy amount, then only the health insurance premium amount will be paid. If the health insurance premium amount exceeds the medical subsidy amount, then the retiree or other qualified person is responsible for paying any portion that the employer does not pay.

Group I benefits are based on creditable service, age, and retirement date. Group II benefits are based on hire date, age, and creditable service. The OPEB plan is closed to new entrants.

Maximum medical subsidy rates paid during fiscal year 2020 were as follows:

For qualified retirees not eligible for Medicare, the amounts were \$375.56 for a single-person plan and \$751.12 for a two-person plan.

For those qualified retirees eligible for Medicare, the amounts were \$236.84 for a single-person plan and \$473.68 for a two-person plan.

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**Contributions** – The OPEB Plan is funded by allocating to the 401(h) subtrust the lesser of: 25% of all employer contributions made in accordance with RSA 100-A:16 or the percentage of employer contributions determined by the actuary to be the minimum rate necessary to maintain the benefits provided under RSA 100-A:53-b, RSA 100-A:53-c, and RSA 100-A:53-d. For fiscal year 2018, the minimum rates determined by the actuary to maintain benefits were the lesser of the two options and were used to determine the employer contributions due to the 401(h) subtrust. The State Legislature has the authority to establish, amend and discontinue the contribution requirements of the OPEB Plan. Administrative costs are allocated to the OPEB Plan based on fund balances. For fiscal year 2020, the Town contributed 3.66% for police and fire, and 0.29% for other employees. The contribution requirement for the fiscal year 2020 was \$12,333, which was paid in full.

**OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB** – At December 31, 2020, the Town reported a liability of \$114,809 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Town’s proportion of the net OPEB liability was based on a projection of the Town’s long-term share of contributions to the OPEB plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2020, the Town’s proportion was 0.02622950% which was a decrease of 0.00154684% from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the Town recognized OPEB expense of \$4,917. At December 31, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ -	\$ 845
Net difference between projected and actual investment earnings on OPEB plan investments	430	-
Changes in assumptions	738	-
Differences between expected and actual experience	-	332
Contributions subsequent to the measurement date	7,161	-
Total	\$ 8,329	\$ 1,177

The \$7,161 reported as deferred outflows of resources related to OPEB results from the Town contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending December 31,	
2021	\$(407)
2022	129
2023	151
2024	119
Thereafter	-
Totals	\$ (8)

**Actuarial Assumptions** – The collective total OPEB liability was based on the following actuarial assumptions:

Inflation:	2.0%
Salary increases:	5.6 % average, including inflation
Wage inflation:	2.75 % (2.25%) for teachers
Investment rate of return:	6.75 % net of OPEB plan investment expense, including inflation for determining solvency contributions

**TOWN OF THORNTON, NEW HAMPSHIRE**  
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Mortality rates were based on the Pub-2010 Health Retiree Mortality Tables with credibility adjustments for each group (Police and Fire combined) and projected fully generational mortality improvements using Scale MP-2019.

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2016 – June 30, 2019.

**Long-term Rates of Return** – The long-term expected rate of return on OPEB plan investment was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rate of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. Following is a table presenting target allocations and geometric real rates of return for each asset class:

Asset Class	Target Allocation	Weighted average long-term expected real rate of return <u>2020</u>
Large Cap Equities	22.50%	3.71%
Small/Mid Cap Equities	7.50%	4.15%
Total domestic equity	<u>30.00%</u>	
Int'l Equities (unhedged)	13.00%	3.96%
Emerging Int'l Equities	7.00%	6.20%
Total international equity	<u>20.00%</u>	
Core Bonds	9.00%	0.42%
Global Multi-Sector Fixed Income	10.00%	1.66%
Absolute Return Fixed Income	6.00%	0.92%
Total fixed income	<u>25.00%</u>	
Private equity	10.00%	7.71%
Private debt	5.00%	4.81%
Total alternative investments	<u>15.00%</u>	
Real estate	10.00%	2.95%
Total	<u>100.00%</u>	

**Discount Rate** – The discount rate used to measure the total OPEB liability as of June 30, 2020, was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made under the current statutes RSA 100-A:16 and 100-A:53. Based on those assumptions, the OPEB Plan’s fiduciary net position was projected to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the collective total OPEB liability.

**Sensitivity of the Town’s Proportionate Share of the OPEB Liability to Changes in the Discount Rate** – The following table presents the Town’s proportionate share of the OPEB liability calculated using the discount rate of 6.75% as well as what the Town’s proportionate share of the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.75%) or 1-percentage point higher (7.75%) than the current rate:

Actuarial Valuation Date	1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
June 30, 2020	\$ 124,670	\$ 114,809	\$ 106,247

**Sensitivity of the Town’s Proportionate Share of the OPEB Liability to Changes in the Healthcare Cost Trend Assumption** – GASB No. 75 requires the sensitivity of the OPEB liability to the healthcare cost trend assumption. Since the medical subsidy benefits are fixed stipends, there is no sensitivity to changes in the healthcare cost trend assumption.

**TOWN OF THORNTON, NEW HAMPSHIRE**  
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**OPEB Plan Fiduciary Net Position** – Detailed information about the OPEB plan’s fiduciary net position is available in the separately issued New Hampshire Retirement System Cost-Sharing Multiple Employer Defined Benefit OPEB Plan financial report.

**13-B Town of Thornton Retiree Health Benefit Program**

The Town provides postemployment benefit options for health care to eligible retirees, terminated employees, and their dependents in accordance with the provisions of various employment contracts. The benefit levels, employee contributions, and employer contributions are governed by the Town’s contractual agreements.

The Governmental Accounting Standards Board (GASB) issued Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* in 2015. GASB Statement No. 75 requires state and local government employers to recognize the net OPEB liability and the OPEB expense on their financial statements, along with the related deferred outflows and inflows of resources. The Town has not fully implemented GASB Statement No. 75 at December 31, 2020, or contracted with an actuarial firm to assist in evaluating the impact of this standard on the Town’s single employer plan. The amounts that should be recorded as the net OPEB liability and the OPEB expense for the Town’s single employer plan are unknown.

**NOTE 14 – GOVERNMENTAL ACTIVITIES AND FIDUCIARY FUNDS NET POSITION**

Net position reported on the government-wide and fiduciary funds Statements of Net Position at December 31, 2020 include the following:

	Governmental Activities	Fiduciary Funds
Net investment in capital assets:		
Net book value, all capital assets	\$ 2,892,478	\$ -
Restricted net position:		
Permanent fund principal	263,866	-
Permanent fund income	550	-
Individuals, organizations, and other governments	-	4,145
Total restricted net position	264,416	4,145
Unrestricted	816,072	-
Total net position	\$ 3,972,966	\$ 4,145

**NOTE 15 – GOVERNMENTAL FUND BALANCES**

Governmental fund balances reported on the fund financial statements at December 31, 2020 include the following:

	General Fund	Nonmajor Funds	Total Governmental Funds
<b>Nonspendable:</b>			
Tax dedeed property	\$ 41,666	\$ -	\$ 41,666
Permanent fund - principal balance	-	263,866	263,866
Total nonspendable fund balance	41,666	263,866	305,532
<b>Restricted:</b>			
Library	4,289	-	4,289
Permanent - income balance	-	550	550
Total restricted fund balance	4,289	550	4,839

*(Continued)*

**TOWN OF THORNTON, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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*Governmental fund balances continued:*

	General Fund	Nonmajor Funds	Governmental Funds
<b>Committed:</b>			
Expendable trust	836,500	-	836,500
Conservation commission	-	13,351	13,351
Total committed fund balance	836,500	13,351	849,851
<b>Unassigned</b>	1,417,097	-	1,417,097
Total governmental fund balances	\$ 2,299,552	\$ 277,767	\$ 2,577,319

**NOTE 16 – RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. During fiscal year 2020, the Town was a member of the New Hampshire Public Risk Management Exchange (Primex<sup>3</sup>) Workers’ Compensation and Property/Liability Programs.

The New Hampshire Public Risk Management Exchange (Primex<sup>3</sup>) Workers’ Compensation and Property/Liability Programs are pooled risk management programs under RSAs 5-B and 281-A. Coverage was provided from January 1, 2020, to December 31, 2020, by Primex<sup>3</sup>, which retained \$1,000,000 of each workers’ compensation loss, \$500,000 of each liability loss, and \$200,000 of each property loss. The Board has decided to self-insure the aggregate exposure and has allocated funds based on actuarial analysis for that purpose. The workers’ compensation section of the self-insurance membership agreement permits Primex<sup>3</sup> to make additional assessments to members should there be a deficiency in contributions for any member year, not to exceed the member’s annual contribution. GASB Statement No. 10 requires members of a pool with a sharing risk to disclose if such an assessment is probable, and a reasonable estimate of the amount, if any. In 2020 the Town paid \$25,438 and \$20,618 respectively, to Primex for property, liability, and worker’s compensation. At this time, Primex<sup>3</sup> foresees no likelihood of any additional assessment for this or any prior year.

The Town continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**NOTE 17 – CONTINGENT LIABILITIES**

There are various legal claims and suits pending against the Town which arose in the normal course of the government’s activities. In the opinion of management, the ultimate disposition of these various claims and suits will not have a material effect on the financial position of the Town.

The Town participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the government’s compliance with applicable grant requirements will be established at a future date. The number of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the government anticipates such amounts, if any, will be immaterial.

**NOTE 18 – COVID-19**

As a result of the spread of COVID-19, Coronavirus, economic uncertainties continue. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

On March 27, 2020, the United States Federal Government established the Coronavirus Aid, Relief and Economic Security (CARES) Act in response to the economic downfall caused by the COVID-19 pandemic. This Act requires that the payment from these funds be used only to cover expenses that; are necessary expenditures incurred due to the public health emergency with respect to COVID-19; were not accounted for in the budget approved for 2020; and were incurred during the period that begins on March 1, 2020, and ends on December 31, 2020. The Town was awarded a portion of this federal funding totaling \$83,690. In addition to funding from the CARES Act, there are several other federal and state grants available.

The full extent of the financial impact cannot be determined as of the date of the financial statements.



**TOWN OF THORNTON, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
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**NOTE 19 – TAX ABATEMENTS**

Governmental Accounting Standards Board Statement No. 77, *Tax Abatement Disclosures*, defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments. No such tax abatement programs requiring disclosure were identified.

**NOTE 20 – SUBSEQUENT EVENTS**

Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are issued. Recognized subsequent events are events or transactions that provided additional evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing the financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the balance sheet date, but arose after the date. Management has evaluated subsequent events through October 21, 2021, the date the December 31, 2020 financial statements were available to be issued, and nothing occurred that requires recognition or disclosure.

***REQUIRED SUPPLEMENTARY INFORMATION***

**EXHIBIT F**  
**TOWN OF THORNTON, NEW HAMPSHIRE**  
*Schedule of the Town's Proportionate Share of Net Pension Liability*  
*New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan*  
*For the Fiscal Year Ended December 31, 2020*

	December 31,							
	2013	2014	2015	2016	2017	2018	2019	2020
Town's proportion of the net pension liability	0.02%	0.02%	0.02%	0.02%	0.02%	0.03%	0.03%	0.03%
Town's proportionate share of the net pension liability	\$ 954,284	\$ 897,554	\$ 900,115	\$ 1,258,685	\$ 1,194,503	\$ 1,360,934	\$ 1,364,679	\$ 1,869,653
Town's covered payroll	\$ 510,618	\$ 568,957	\$ 558,717	\$ 564,736	\$ 655,994	\$ 739,311	\$ 801,504	\$ 822,230
Town's proportionate share of the net pension liability as a percentage of its covered payroll	186.89%	157.75%	161.10%	222.88%	182.09%	184.08%	170.26%	227.39%
Plan fiduciary net position as a percentage of the total pension liability	59.81%	66.32%	65.47%	58.30%	62.66%	64.73%	65.59%	58.72%

**EXHIBIT G**  
**TOWN OF THORNTON, NEW HAMPSHIRE**  
*Schedule of Town Contributions - Pensions*  
*New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan*  
*For the Fiscal Year Ended December 31, 2020*

	December 31,							
	2013	2014	2015	2016	2017	2018	2019	2020
Contractually required contribution	\$ 55,134	\$ 77,576	\$ 76,228	\$ 84,758	\$ 88,979	\$ 119,457	\$ 123,426	\$ 129,856
Contributions in relation to the contractually required contributions	55,134	77,576	76,228	84,758	88,979	119,457	123,426	129,856
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	\$ 510,618	\$ 568,957	\$ 558,717	\$ 564,736	\$ 655,994	\$ 739,311	\$ 801,504	\$ 822,230
Contributions as a percentage of covered payroll	10.80%	13.63%	13.64%	15.01%	13.56%	16.16%	15.40%	15.79%

**TOWN OF THORNTON, NEW HAMPSHIRE**  
**NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION –**  
**PENSION LIABILITY**  
**FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2020**

***Schedule of the Town’s Proportionate Share of Net Pension Liability and  
Schedule of Town Contributions - Pensions***

As required by GASB Statement No. 68, and as amended by GASB Statement No. 71, Exhibits F and G represent the actuarial determined costs associated with the Town’s pension plan at December 31, 2020. These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

**Methods and Assumptions Used to Determine Contribution Rates for Fiscal Year 2020:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	20 years beginning July 1, 2019 (30 years beginning July 1, 2009)
Asset Valuation Method	5-year smooth market for funding purposes: 20% corridor
Price Inflation	2.5% per year
Wage Inflation	3.25% per year (3.00% for teachers) in the 2017 valuation
Salary Increases	5.6% Average, including inflation
Municipal Bond Rate	2.45% per year
Investment Rate of Return	7.25% per year, net of investment expenses, including inflation
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Based on the 2010-215 experience study.
Mortality	RP-2014 Healthy Annuitant and Employee generational mortality tables for males and females with credibility adjustments, adjusted for fully generational mortality improvements using Scale MP-2015, based on the 2010-2015 experience study.

**Other Information:**

Notes	The board has adopted new assumptions based on the 2015-2019 experience study effective for employer contributions in the 2022-23 biennium.
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**EXHIBIT H**  
**TOWN OF THORNTON, NEW HAMPSHIRE**  
*Schedule of the Town's Proportionate Share of the Net Other Postemployment Benefits Liability*  
*New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan*  
*For the Fiscal Year Ended December 31, 2020*

	December 31,				
	2016	2017	2018	2019	2020
Town's proportion of the net OPEB liability	0.02%	0.02%	0.03%	0.03%	0.03%
Town's proportionate share of the net OPEB liability (asset)	\$ 73,775	\$ 69,306	\$ 126,745	\$ 121,774	\$ 114,809
Town's covered payroll	\$ 564,736	\$ 655,994	\$ 739,311	\$ 801,504	\$ 822,230
Town's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	13.06%	10.57%	17.14%	15.19%	13.96%
Plan fiduciary net position as a percentage of the total OPEB liability	5.21%	7.91%	7.53%	7.75%	7.74%

The Note to the Required Supplementary Information – Other Postemployment Benefit Liability is an integral part of this schedule.

**EXHIBIT I**  
**TOWN OF THORNTON, NEW HAMPSHIRE**  
*Schedule of Town Contributions - Other Postemployment Benefits*  
*New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan*  
*For the Fiscal Year Ended December 31, 2020*

	December 31,				
	2016	2017	2018	2019	2020
Contractually required contribution	\$ 8,855	\$ 8,984	\$ 12,245	\$ 12,676	\$ 12,175
Contributions in relation to the contractually required contribution	8,855	8,984	12,245	12,676	12,175
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	\$ 564,736	\$ 655,994	\$ 739,311	\$ 801,504	\$ 822,230
Contributions as a percentage of covered payroll	1.57%	1.37%	1.66%	1.58%	1.48%

The Note to the Required Supplementary Information – Other Postemployment Benefit Liability is an integral part of this schedule.

**TOWN OF THORNTON, NEW HAMPSHIRE**  
**NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION –**  
**OTHER POSTEMPLOYMENT BENEFIT LIABILITY**  
**FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2020**

***Schedule of the Town’s Proportionate Share of Net Other Postemployment Benefits Liability and  
Schedule of Town Contributions – Other Postemployment Benefits***

As required by GASB Statement No. 75, Exhibits H and I represent the actuarial determined costs associated with the Town’s other postemployment benefits at December 31, 2020. These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

The following assumptions were changed in the current year:

- Reduced the assumed rate of investment return from 7.25% to 6.75%
- Reduced the wage inflation from 3.25% to 2.75% (2.25% for teachers)
- Reduced price inflation from 2.5% to 2.0%
- Updated economic assumptions, including merit and longevity salary increases, disability rates, retirement rates, and mortality tables (specifically the new public pension plan mortality tables).

**Methods and Assumptions:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	Not applicable under statutory funding
Asset Valuation Method	5-year smooth market: 20% corridor
Price Inflation	2.5% per year
Wage Inflation	3.25% per year (3.00% for teachers) in the 2017 valuation
Salary Increases	5.6% Average, including inflation
Municipal Bond Rate	2.45% per year
Investment Rate of Return	7.25% per year, net of OPEB plan investment expense, including inflation for determining solvency contributions
Funding Discount Rate	3.25% per year
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Based on the 2010-2015 experience study.
Mortality	RP-2014 Healthy Annuitant and Employee generational mortality tables for males and females with credibility adjustments, adjusted for fully generational mortality improvements using Scale MP-2015, based on the 2010-2015 experience study.



***COMBINING AND INDIVIDUAL FUND SCHEDULES***

**SCHEDULE 1**  
**TOWN OF THORNTON, NEW HAMPSHIRE**  
**Major General Fund**  
*Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)*  
*For the Fiscal Year Ended December 31, 2020*

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 1,767,303	\$ 1,780,124	\$ 12,821
Land use change	3,000	-	(3,000)
Yield	12,000	13,837	1,837
Other	500	-	(500)
Excavation	1,000	783	(217)
Payment in lieu of taxes	43,416	43,416	-
Interest and penalties on taxes	75,000	68,198	(6,802)
Total from taxes	<u>1,902,219</u>	<u>1,906,358</u>	<u>4,139</u>
Licenses, permits, and fees:			
Business licenses, permits, and fees	500	465	(35)
Motor vehicle permit fees	550,000	628,574	78,574
Building permits	8,500	10,000	1,500
Other	7,000	11,268	4,268
Total from licenses, permits, and fees	<u>566,000</u>	<u>650,307</u>	<u>84,307</u>
Intergovernmental:			
State:			
Shared revenues	41,169	41,169	-
Meals and rooms distribution	132,124	132,124	-
Highway block grant	105,345	105,333	(12)
Other	5,000	13,920	8,920
Federal:			
CARES and COVID grants	-	83,690	83,690
Other governments	219,000	236,105	17,105
Total from intergovernmental	<u>502,638</u>	<u>612,341</u>	<u>109,703</u>
Charges for services:			
Income from departments	<u>150,000</u>	<u>156,567</u>	<u>6,567</u>
Miscellaneous:			
Sale of municipal property	35,000	42,918	7,918
Interest on investments	12,000	11,398	(602)
Other	85,000	81,985	(3,015)
Total from miscellaneous	<u>132,000</u>	<u>136,301</u>	<u>4,301</u>
Total revenues	3,252,857	<u>\$ 3,461,874</u>	<u>\$ 209,017</u>
Unassigned fund balance used to reduce tax rate	250,000		
Total revenues, other financing sources, and use of fund balance	<u>\$ 3,502,857</u>		

**SCHEDULE 2**  
**TOWN OF THORNTON, NEW HAMPSHIRE**  
**Major General Fund**  
*Schedule of Appropriations and Expenditure (Non-GAAP Budgetary Basis)*  
*For the Fiscal Year Ended December 31, 2020*

	Appropriations	Expenditures	Variance Positive (Negative)
Current:			
General government:			
Executive	\$ 274,703	\$ 275,394	\$ (691)
Election and registration	52,264	51,198	1,066
Financial administration	81,424	83,509	(2,085)
Revaluation of property	31,923	31,922	1
Legal	35,001	14,684	20,317
Personnel administration	10,000	4,190	5,810
Planning and zoning	53,665	49,851	3,814
General government buildings	49,046	57,920	(8,874)
Cemeteries	31,000	29,417	1,583
Insurance, not otherwise allocated	46,057	19,283	26,774
Other	6,201	1,200	5,001
Total general government	<u>671,284</u>	<u>618,568</u>	<u>52,716</u>
Public safety:			
Police	689,701	708,873	(19,172)
Fire	406,171	405,683	488
Building inspection	5,452	1,142	4,310
Emergency management	4,681	3,769	912
Total public safety	<u>1,106,005</u>	<u>1,119,467</u>	<u>(13,462)</u>
Highways and streets	<u>715,811</u>	<u>647,055</u>	<u>68,756</u>
Sanitation:			
Administration	252,329	228,608	23,721
Solid waste collection	100	-	100
Solid waste disposal	245,001	231,712	13,289
Solid waste clean-up	1,400	898	502
Other	2,440	-	2,440
Total sanitation	<u>501,270</u>	<u>461,218</u>	<u>40,052</u>
Health:			
Administration	1,153	1,237	(84)
Health agencies	64,700	64,700	-
Total health	<u>65,853</u>	<u>65,937</u>	<u>(84)</u>
Welfare:			
Administration and direct assistance	<u>20,191</u>	<u>7,810</u>	<u>12,381</u>
Culture and recreation:			
Parks and recreation	2,000	160	1,840
Library	88,168	85,773	2,395
Patriotic purposes	550	532	18
Total culture and recreation	<u>90,718</u>	<u>86,465</u>	<u>4,253</u>
Conservation	<u>725</u>	<u>335</u>	<u>390</u>
Debt service:			
Interest on tax anticipation notes	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Capital outlay	<u>60,000</u>	<u>21,877</u>	<u>38,123</u>
Other financing uses:			
Transfers out	<u>270,000</u>	<u>270,000</u>	<u>-</u>
Total appropriations, expenditures, and other financing uses	<u>\$ 3,502,857</u>	<u>\$ 3,298,732</u>	<u>\$ 204,125</u>

**SCHEDULE 3**  
**TOWN OF THORNTON, NEW HAMPSHIRE**  
**Major General Fund**  
**Schedule of Changes in Unassigned Fund Balance**  
**For the Fiscal Year Ended December 31, 2020**

Unassigned fund balance, beginning (Non-GAAP Budgetary Basis)		\$ 1,305,240
Changes:		
Unassigned fund balance used to reduce 2020 tax rate		(250,000)
2020 Budget summary:		
Revenue surplus (Schedule 1)	\$ 209,017	
Unexpended balance of appropriations (Schedule 2)	<u>204,125</u>	
2020 Budget surplus		413,142
Increase in nonspendable fund balance		<u>(5,194)</u>
Unassigned fund balance, ending (Non-GAAP Budgetary Basis)		1,463,188
<b><i>Reconciliation on Non-GAAP Budgetary Basis to GAAP Basis</i></b>		
To record deferred property taxes not collected within 60 days of the fiscal year-end, not recognized on a budgetary basis		(111,091)
Elimination of the allowance for uncollectible taxes		<u>65,000</u>
Unassigned fund balance, ending, GAAP basis (Exhibit C-1)		<u>\$ 1,417,097</u>

**SCHEDULE 4**  
**TOWN OF THORNTON, NEW HAMPSHIRE**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**December 31, 2020**

	Special Revenue Fund		Total
	Conservation Commission	Permanent Fund	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 6,076	\$ -	\$ 6,076
Investments	-	264,416	264,416
Interfund receivable	7,275	-	7,275
Total assets	<u>\$ 13,351</u>	<u>\$ 264,416</u>	<u>\$ 277,767</u>
<b>FUND BALANCES</b>			
Nonspendable	\$ -	\$ 263,866	\$ 263,866
Restricted	-	550	550
Committed	13,351	-	13,351
Total fund balances	<u>\$ 13,351</u>	<u>\$ 264,416</u>	<u>\$ 277,767</u>

**SCHEDULE 5**  
**TOWN OF THORNTON, NEW HAMPSHIRE**  
*Nonmajor Governmental Funds*  
**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Fiscal Year Ended December 31, 2020**

	Special Revenue Fund		Total
	Conservation Commission	Permanent Fund	
<b>REVENUES</b>			
Taxes	\$ 1,508	\$ -	\$ 1,508
Miscellaneous	3	5,469	5,472
Total revenues	<u>1,511</u>	<u>5,469</u>	<u>6,980</u>
<b>EXPENDITURES</b>			
Current:			
General government	-	731	731
Net change in fund balances	1,511	4,738	6,249
Fund balances, beginning	11,840	259,678	271,518
Fund balances, ending	<u>\$ 13,351</u>	<u>\$ 264,416</u>	<u>\$ 277,767</u>

**SCHEDULE 6**  
**TOWN OF THORNTON, NEW HAMPSHIRE**  
**Custodial Funds**  
**Combining Schedule of Fiduciary Net Position**  
**December 31, 2020**

	Custodial Funds		Total
	Taxes	Trust Funds	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,409,938	\$ -	\$ 1,409,938
Investments	1,672,395	1,113	1,673,508
Total assets	<u>3,082,333</u>	<u>1,113</u>	<u>3,083,446</u>
<b>LIABILITIES</b>			
Intergovernmental payables:			
School Districts	2,836,477	-	2,836,477
Village District	245,856	-	245,856
Total liabilities	<u>3,082,333</u>	<u>-</u>	<u>3,082,333</u>
<b>NET POSITION</b>			
Restricted	<u>\$ -</u>	<u>\$ 1,113</u>	<u>\$ 1,113</u>

**SCHEDULE 7**  
**TOWN OF THORNTON, NEW HAMPSHIRE**  
**Custodial Funds**  
**Combining Schedule of Changes in Fiduciary Net Position**  
**For the Fiscal Year Ended December 31, 2020**

	Custodial Funds		Total
	Taxes	Trust Funds	
<b>ADDITIONS</b>			
Investment earnings	\$ -	\$ 1	\$ 1
Tax collections for other governments	7,294,837	-	7,294,837
Total additions	<u>7,294,837</u>	<u>1</u>	<u>7,294,838</u>
<b>DEDUCTIONS</b>			
Payments of taxes to other governments	7,294,837	-	7,294,837
Change in net position	-	1	1
Net position, beginning	-	1,112	1,112
Net position, ending	<u>\$ -</u>	<u>\$ 1,113</u>	<u>\$ 1,113</u>